

What are the Causes of the present Depressed Condition of Agricultural and Business Interests.

This question has been elaborately discussed and variously answered by many different writers, in such journals permit a discussion of the living economic questions of the day in their columns. However much these writers may differ as to causes, all are agreed as to the fact. It requires no argument to convince the merchant that his business is less prosperous or less profitable than it was twenty years ago. No formidable array of statistics is necessary to satisfy the farmer that he receives less remunerative prices for his products or the laborer that there is less demand for his services, or less recompense for his toil. These are cold stubborn facts of which all are conscious and concerning which there is no dispute. Why this change and through what instrumentalities has it been effected? This is the all important question of the hour as agreement concerning the causes, is essential to the choice and application of the remedy. In our discussion of this question we desire to acknowledge our indebtedness to W. S. Morgan for his invaluable collection of facts and statistics to be found in the "History of the Wheel and Alliance and the Impending Revolution." If the reader will recall the condition of the country for several years after the close of the late war he cannot fail to remember that every industry was wonderfully prosperous. The capacity of our manufactories was tested to its utmost to supply the demand for their products. Unprecedented activity prevailed in mercantile pursuits. Agriculture was stimulated by remunerative returns and labor received its just reward. Abundance was apparent upon every hand and enterprise was everywhere stimulated by the certainty of success. The same condition prevailed in England during her period of suspension of specie payment from 1797 to 1821-2. Mr. Spaulding in his argument in support of the legal Tender Act in congress in 1862 said: "During this time England successfully resisted the imperial power of the Emperor Napoleon, and preserved her own imperiled existence. During all this time the people of Great Britain advanced in wealth, population and resources. Gold is not as valuable as the productions of the farmer and mechanic, for it is not as indispensable as food and raiment."

During all this period of suspension, the vast expense of the tremendous military operations of the Napoleonic wars, were met with an immensely expanded paper currency and with that alone. Mark this significant fact, and mark the other fact that English history furnishes no parallel to the general prosperity of her entire people during the same time. It should be further noted in this connection that practically the same condition has prevailed in France since the conclusion of the Franco-Prussian war, and no people upon the face of the earth can boast of a greater degree of general prosperity than that enjoyed by the people of France with a circulating medium varying not far from 350 per cent. This was very nearly the volume of our own circula-

tion at the close of the war and during the period of our greatest prosperity subsequent thereto.

On December 4, 1865 Hugh McCullough, the secretary of the treasury in his report to Congress first recommended the policy of contraction, and on the 18th of the same month the House passed the following resolution:

Resolved, That this House cordially concurs in the views of the secretary of the treasury in relation to the necessity of contracting the currency, with a view to as early a resumption of specie payments as the business interests of the country will permit and we hereby pledge co-operation to this end as speedily as possible.

Whence arose this "necessity for contraction?" Was it pretended by any one that any business interest in the country was suffering as a consequence of the abundance of money? Did any class of our people demand it? If so what class was it? Does not the very language of the resolution itself recognize the fact that the business interests of the country would suffer as a consequence of contraction? Mark the language carefully. The resolution pledges the House to the policy of contraction "with a view to as early a resumption of specie payment as the business interests of the country will permit." What reason can be assigned for the adoption of a financial policy in conflict with the business interests of the country, or that the business interests of the country would not immediately permit? Notwithstanding the knowledge of those who established and carried out this policy, that it could only result disastrously to the people still it has been relentlessly pursued. That this policy is responsible for the present condition of all American industries may be rationally inferred from the subjoined testimony. The following is from the report of the silver commission appointed by congress to investigate the causes of industrial depression.

"There never has been a decrease in the volume of money, unless accompanied by a stationary population and commerce, which has not sooner or later resulted in a general fall of prices, and there has never been a recovery therefrom except through a preceding increase in the volume of money."

"After the volume of money has begun to decrease, every dollar of credit extended at the old range of prices aggravates the disaster which must come sooner or later. Stagnation and panic are nothing more nor less than the results of a struggle to make prices express truly the relation between money and all other things."

Again; whenever it becomes apparent that prices are rising and money falling in value, in consequence of an increase of its volume, the greatest activity takes place in exchanges and productive enterprises. Every one becomes anxious to share in the advantages of rising markets. The inducement to hoard money is taken away. Its circulation becomes exceedingly active, and for the plain reason that there could be no motive for holding or hoarding money when it is falling in value, while there would be the strongest possible motive for

exchanging it for property, or for labor which creates property when prices are rising. Under these circumstances, labor comes into great demand and at remunerative wages."

Again: "Money, in shrinking volume becomes the paramount object of commerce instead of its beneficent instrument. Instead of mobilizing industry, it poisons and dries up the life currents. It is the fruitful source of political and social disturbance. It foments strife between labor and other forms of capital, while itself hidden away in security gorges on both. It rewards close-fisted lenders, and flees from and bankrupts enterprising borrowers. * * * It has in all ages been the worst enemy with which society has had to contend. The great and still continuing fall of prices in the United States has proved the most disastrous to nearly every industrial enterprise."

Again: "The worst effect however, economically considered, of falling prices, is not upon existing property or upon debtors, evil as it is, but upon laborers, whom it deprives of employment, and consigns to poverty, and upon society, which it deprives of that vast sum of wealth which resides potentially in the arms of the idle workman. A shrinking volume of money transfers existing property unjustly and causes a contraction and diminution of wealth. * * * However great the natural resources of a country may be, however genial its climate, fertile its soil, ingenious, enterprising and industrious its inhabitants, or free its institutions, if the volume of money is shrinking and prices falling, its merchants will be overwhelmed with bankruptcy, its industries will be paralyzed, and destitution will prevail."

Again: "We find that in every Kingdom into which money begins to flow in greater abundance than formerly, everything takes a new face; labor and industry gain life, the merchants become more enterprising, the manufactures more diligent and skillful and the farmer follows his plow with greater attention and alacrity. The good policy of the government consists of keeping it, if possible, still increasing, as long as there is an undeveloped resource or room for a new emigrant, because by that means is kept alive a spirit of industry in the nation, which increases the stock of labor in which consists all real power and riches. A nation whose money decreases is actually weaker and more miserable than other nations which possess less money but are on an increasing hand." DAVID HUMM.

"All intelligent writers on currency agree that when it is decreasing in amount, poverty and misery must prevail."

Wm. H. Crawford,
Sec. of the treasury 1820.

"The contraction of the paper circulation of the British Empire from the results of the acts imposing the resumption of specie payment on the Bank of England, and 230 county banks, was a reduction from £60,000,000 during the last years of the (Napoleonic) war, to a little more than half that amount. Such was the calamity and so extensive the distress that followed, that it pervaded every part of the country. The landed pro-

prietors & of no rent, the manufacturers & merchants, the laborers & employment. Bankruptcy was universal." Mr. Gurney member of the British Parliament.

"It is an undoubted fact that during the late civil war, the activity of the workshops, factories, mines, machinery, shipyards, railroads and canals of the loyal states, caused by the issue of the legal tender currency, constituted an inexhaustible fountain of strength to the national cause."—Supreme court of the United States 13 Wallace 564.

"If a government contracted a debt with a certain amount of money in circulation, and then contracted the money volume before the debt was paid, it is the most heinous crime a government could commit against the people." ABRAHAM LINCOLN.

It would appear from the foregoing testimony that, in all ages and countries, an increasing volume of money has always been attended with the development of every industry and the prosperity of all the people; while a diminishing volume of money has invariably resulted in the forced idleness of the laborer, the prostration of business enterprises and general bankruptcy. It would appear that the contraction of the circulating medium in this country has afforded no exception to the general rule and according to the testimony of the silver commission is directly responsible for the decadence of business enterprise, loss of prosperity, and the general prostration of American industries all over the land. It would appear further that congress was aware of the consequences of this policy before the work of contraction was inaugurated. It was seen that in order to be endured by the people it must be gradual, as any sudden withdrawal of large amounts from the volume of the currency would result in inevitable panic. It becomes matter of interesting inquiry, therefore why so suicidal a policy was ever adopted. It was not certainly prompted by patriotic motives or a design for the general prosperity of the entire people. Is there any class of American citizens whose interests did not demand a continuance of the condition under which the people had enjoyed such unparalleled prosperity and the wealth of the nation had so rapidly and so materially increased?

One and only one, and upon this class rests the tremendous responsibility of the forced idleness and the want and misery of all these years. A forecast of the future policy to be pursued is seen in the Hazard circular sent out by British Capitalists to American Bankers in 1862.

"Slavery is likely to be abolished by the war power, and chattel slavery, destroyed. This I and my European friends are in favor of, for slavery is but the owning of labor and carries with it the care of the laborer; while the European plan led on by England, is capital control of labor by controlling wages. This can be done by controlling the money. The great debt that capitalists will see to it is made out of the war must be used as a measure to control the volume of money. To accomplish this the bonds must be used as a banking basis. We are